

# It's prime time to start a business

Whether you are looking to replace lost income due to Covid-19 or simply aiming to plug a gap in the market, serial entrepreneur, Arnoux Maré says now is the opportune time for you to start a business.



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“During difficult times, it can be hard to focus on the bigger picture because our efforts are directed at dealing with immediate problems. But difficult times are also the most opportune time to start a business. There is less competition for resources; cheaper equipment as businesses sell off inventory or lower lease rates to rent from, as landlords move to fill up empty spaces,” says Maré.

He says during economic downturns, entrepreneurs can also rely on lower interest rates when looking to raise capital.

Last month the South African Reserve Bank cut the country’s rates by a further 25 basis points, taking the total cut in 2020 to 300 points, lowering the repo rate to 3.5% and the prime lending rate to 10%.

## **Assess demands in the market**

But Maré warns that before entrepreneurs consider jumping into starting a new business, they must assess the problems and needs in the market which are not currently being met. This will determine whether they have the resources, knowledge and savvy to meet those needs.

“Look at how quickly some companies moved to fill the gap of selling sanitisers and personal protective equipment (PPE) at the outbreak of the Covid-19 pandemic. This is about meeting the demands of the market. All businesses should exist to meet those demands,” explains Maré.

For Maré, companies should steer away from generic and abstract level offerings and instead focus on tangible and specific services. Solutions offered should be geared towards solving a specific problem.

He adds that recessions and economic depressions can also spur innovation. Citing companies like Disney; Microsoft and Netflix that rose to international prominence during economic downturns and through innovation, solidified their market share.

“In any downturn, there are winners and losers. But we have seen from previous events how well organisations did that were quick to embrace innovation. Any new business would be amiss if it failed to recognise and incorporate a digital/innovation strategy into their operations,” explains Maré.

## **Creating unemployment**

Beyond the environment being conducive for starting a new business, Small, Medium and Micro Enterprises (SMMEs) also play a vital role in mitigating unemployment. According to research from Retail Capital conducted in 2019, collectively, SMMEs keep 10.8 million people employed, accounting for 66% of all formal jobs, they contribute 20% to the GDP and pay 6% of corporate taxes.

This, Maré says makes SMMEs vital for resuscitating the economy, but with South Africa’s unemployment rate as high as 30.1%, there is also a huge talent pool to draw expertise from.

“Businesses must consider longevity in their strategies and must plan for 24 months ahead, even small and new ones. They must avoid vanity projects and focus on providing solutions to immediate problems. They must be willing to leverage the digital landscape to increase their offerings. But above all, entrepreneurs must be willing to start even in the face of an economic downturn, because businesses fail and thrive based on relevance more than they do on timing,” concludes Maré.

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